

2/23/95

MONARCH/BEST VALUE

Key Points

- MONARCH/BV are currently delivering less earnings per carton than assumed in the plan. We cannot "investment spend" Nationally on these brands.
- The best opportunity for MONARCH/BV is to deliver against its 1995 OP Plan objectives/strategies. Other options were considered but do not make strategic sense short or long term (see Attachment I).
- To-date, some regions are seeing volume respond within or below estimated spending rates, while other regions are significantly "over spending" versus the volume response. (see Attachment II)
- The following must be communicated/implemented ASAP:
 - The promoted price of MONARCH/BV should not be lower at retail than DORAL (excluding some contractual situations). DORAL maintains the Ceiling Strategy. (see Attachment III)
 - Discounting on top of the \$1.50 contract agreements should be minimized given the cost and potential disruption to the marketplace.
 - Buy-downs on MONARCH/BEST VALUE should be minimized overall, and eliminated when DORAL is not being bought-down.
 - Those regions that are spending at higher levels than plan must adjust their spending to meet the plan assumptions (Attachment III).
 - Those regions under-spending versus plan should ensure that they are not disadvantaging themselves just for earnings. (This does not mean to spend just to spend, and does mean staying within guidelines.)

Agree

Net... All regions must implement within the agreed guidelines and meet their volume/spending relationship on MONARCH/BEST VALUE even if it means trading off some volume.

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MONARCH
(1995 Scenarios)

	<u>Volume</u> (Billions)	<u>MAM</u> (\$ Millions)
Operating Plan	7.8	\$122.8
Latest Estimate	6.8	\$104.4
Outlook	5.7	\$ 84.2
1. Discontinue All Support Nationally	3.6	\$ 67.1
2. Maintain Support in Emphasis Markets Only	4.3	\$ 70.1
3. Pull Support In Lowest Developed Markets (9 Markets of 1% or Less Share of Business)	5.1	\$ 77.6
4. Retail Feature Of \$1.50/Ctn. - Determine Volume Needed To Achieve Outlook	6.5	\$ 84.2
5. Spend To Allocated Budgets - Accept Some Further Volume Erosion	5.2	\$ 78.2

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